

Message Text

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ORIGIN AF-04

INFO OCT-01 SS-14 ISO-00 L-01 IO-06 EB-04 CIAE-00
DODE-00 TRSE-00 NSC-05 PA-01 PRS-01 SSO-00 INRE-00
INR-05 EUR-08 H-01 /051 R

DRAFTED BY AF/S:DKEOGH:JK
APPROVED BY AF:WESCHAUFEELE
AF/E:PSMITH
L/AF:MMATHESON
IO:JTEFFT

-----090106Z 004198 /13-62

O P 090034Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY LUSAKA IMMEDIATE
INFO AMEMBASSY PRETORIA PRIORITY
AMCONSUL CAPE TOWN PRIORITY
AMEMBASSY LONDON PRIORITY

C O N F I D E N T I A L STATE 080010

LIMDIS, CAPE TOWN FOR EMBASSY

E.O. 11652: GDS

TAGS: PFOR, ETRO, RH

SUBJECT:RHODESIAN OIL SANCTIONS VIOLATIONS

1. AS THE EMBASSY IS AWARE, THE US GOVERNMENT HAS BEEN
STUDYING THE PROBLEM OF OIL SHIPMENTS TO RHODESIA IN
VIOLATION OF UN SANCTIONS FOR SOME MONTHS. WE PROVIDE
BELOW BACKGROUND INFORMATION FOR YOUR INFORMATION ONLY AND
TALKING POINTS ON WHICH YOU MAY DRAW IF THE GOVERNMENT OF
ZAMBIA MAKES A DIRECT APPROACH TO YOU ON THIS SUBJECT.

2. FYI ONLY. THE DEPARTMENT OF THE TREASURY HAS BEEN
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CONDUCTING AN INVESTIGATION FOR SEVERAL MONTHS OF ALLEGA-
TIONS THAT A SOUTH AFRICAN SUBSIDIARY OF MOBIL OIL HAS
SHIPPED PETROLEUM PRODUCTS TO RHODESIA IN VIOLATION OF UN
SANCTIONS. WE EXPECT THAT THE INVESTIGATION WILL BE
CONCLUDED IN THE NEXT FEW WEEKS BUT BECAUSE OF THE
PROBLEMS CONNECTED WITH OBTAINING INFORMATION IN THIS AREA,
WE DO NOT EXPECT THAT THE TREASURY PUBLIC REPORT WILL CON-

TAIN MUCH NEW MATERIAL. OTHER ATTEMPTS TO ELICIT ADDITIONAL INFORMATION ON THIS SUBJECT HAVE BEEN STYMIED BY THE SOUTH AFRICAN OFFICIAL SECRETS ACT, WHICH HAS BEEN USED TO PREVENT INQUIRIES ABOUT THE ULTIMATE DESTINATION OF SOUTH AFRICAN IMPORTS. FOR EXAMPLE, WHEN THE MOBIL OIL PARENT FIRM ASKED THE SAG WHERE ITS OIL WAS BEING SENT, THE

COMPANY WAS TOLD THAT IT SHOULD NOT PURSUE ITS INVESTIGATION BECAUSE IT COULD BE ACCUSED OF "ESPIONAGE."

3. WHILE WE ARE CONTINUING TO STUDY THE QUESTION ON TIGHTENING SANCTIONS IN THIS AREA, THE FUNDAMENTAL PROBLEM IN DOING SO STEMS FROM THE DIFFICULTY OF APPLYING US LAW TO WHAT ARE IN EFFECT FOREIGN FIRMS, WHICH MUST OPERATE UNDER FOREIGN LAW AND REGULATIONS, ALTHOUGH THEY MAY BE SUBSIDIARIES OF US CORPORATIONS. IT WOULD BE DIFFICULT TO ENFORCE REGULATIONS FRAMED FOR THIS PURPOSE. MOREOVER, SUCH AN ACTION MIGHT CONFLICT WITH USG RELUCTANCE TO ENFORCE US REGULATIONS ON SUBSIDIARIES IN OTHER FIELDS, E.G. IN RELATION TO THE ARAB BOYCOTT.

4. WE UNDERSTAND THAT THE BRITISH ARE ALSO CONDUCTING AN INVESTIGATION INTO THIS PROBLEM. THEIR OFFICIAL POSITION AT THIS TIME IS THAT HMG IS CONSIDERING INFORMATION WHICH IS AVAILABLE. HOWEVER, HMG IS EXPECTED TO ANNOUNCE SOON THAT IT WILL MAKE AN OFFICIAL, PUBLIC INQUIRY INTO CHARGES AGAINST BP AND SHELL. END BACKGROUND MATERIAL FOR YOUR INFORMATION ONLY.

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5. FOLLOWING TALKING POINTS MAY BE USED IF ZAMBIAN OFFICIALS RAISE THIS QUESTION WITH THE EMBASSY:

-- AS YOU ARE AWARE, THE QUESTION OF ENFORCEMENT OF UN SANCTIONS AGAINST RHODESIA HAS BEEN STUDIED CAREFULLY BY THE NEW ADMINISTRATION.

-- THE DEPARTMENT OF THE TREASURY IS CONDUCTING AN INVESTIGATION INTO ALLEGATIONS THAT A SOUTH AFRICAN SUBSIDIARY OF MOBIL OIL HAS SHIPPED PETROLEUM PRODUCTS TO RHODESIA IN VIOLATION OF UN SANCTIONS.

-- PRESENT US REGULATIONS ARE ESSENTIALLY APPLICABLE ONLY TO UNITED STATES NATIONALS, WHETHER THEY ARE FIRMS OR INDIVIDUALS.

-- EXTENSION OF THESE REGULATIONS TO FOREIGN SUBSIDIARIES OF US FIRMS POSES EXTREMELY DIFFICULT ENFORCEMENT PROBLEMS. WHILE WE SHARE YOUR CONCERN, WE WILL HAVE TO

CONSIDER CAREFULLY THE BEST COURSE OF ACTION TO FOLLOW
IN THIS REGARD.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, SANCTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Apr-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE080010
Document Source: CORE
Document Unique ID: 00
Drafter: DKEOGH:JK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770123-1050
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
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Legacy Key: link1977/newtext/t19770471/aaaackbx.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e25cbca7-c288-dd11-92da-001cc4696bcc
Office: ORIGIN AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2850225
Secure: OPEN
Status: NATIVE
Subject: RHODESIAN OIL SANCTIONS VIOLATIONS
TAGS: PFOR, ENRG, SOPN, ZA, RH, SF, US, MOBIL
To: LUSAKA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e25cbca7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009